

**United States House of Representatives
Committee on Agriculture
Gunnison Energy Corporation Presentation
November 15, 2005**

I am Brad Robinson, President of Gunnison Energy Corporation. Gunnison Energy has been exploring for natural gas in and around the Grand Mesa, Uncompahgre and Gunnison National Forests on the Western Slope of Colorado for 4 years. Gunnison Energy has invested ten of millions of dollars in these exploration efforts but has yet to earn any income from these investments. One of the reasons for this is the high cost and time delays associated with exploring for and developing minerals on Forest Service and BLM lands.

I would like to relate to you today how the recent court ruling relating to Categorical Exclusions ("CEs") out of the Ninth Circuit Court and the resulting confusion with regard to the Forest Service's ability to issue Categorical Exclusions has impacted our company. Before I start, let me emphasis two things: First, Gunnison Energy strongly supports reasonable protections to the environment. Secondly, Gunnison Energy has an excellent working relationship with the Forest Service and in no way blames them for these recent problems.

Gunnison Energy and a partner, SG Interests, recently purchased a natural gas pipeline system and a natural gas field which have been in existence for nearly 20 years. Some of the gas wells are owned by Gunnison Energy and its partner, some are owned by third parties. Gunnison Energy was in communication with the Forest Service months prior to this acquisition to determine what permits would be required to operate the pipeline and to do certain minor modifications to the pipeline system to improve its safety and operational efficiency. The Forest Service advised us that this work could be approved via a CE since no new roads were being built nor was any new surface disturbance taking place. And, in fact, the Forest Service approved our work via a CE once acquisition of the pipeline system was finalized. However, before our work could be completed, the Forest Service was forced to rescind its approval because of the Ninth Circuit Court ruling. Our partners, SG Interest were also forced to halt work on an extension of the pipeline system to wells they own which they had hoped to produce over this winter. Other gas well operators have also terminated their work.

The Forest Service has now re-approved some of this work. However, the contractors who were to do this work have moved on to other projects and cannot immediately restart this work. In addition, our pipeline system and gas field is between 8,000 and 10,000 feet of elevation. Therefore, it is nearly assured that this work will not be done this year and cannot be recommenced until June or July 2006 when the snow melts.

So, at this point, we have at least three, and perhaps five, companies whose gas will most certainly be shut in for the winter at a significant cost to these companies. We have three companies who, in good faith, invested significant sums to get this gas to

market this winter. And, in spite of our and the Forest Service's efforts, we are shut in. This not only hurts us, but also hurts gas consumers.

We also have a court ruling that in spite of two clarifications is still not clear. Item number 10 of the judge's clarification presumably speaks to the need for notice and comment for CE's related to clearing vegetation for the purpose of doing seismic exploration work or the like. However, I can assure you that others will argue that this provision means that any minerals or energy work requires that CE's be noticed, commented upon and be subject to appeal. Again, in our case, the delay this entails can mean an extra six to twelve month delay in our work.

The logic behind Categorical Exclusions was to "categorically exclude" from further analysis under the National Environmental Protection Act those activities which are so minor or so routine that local Forest Service officials can evaluate and approve them on a site specific, project by project basis without the delay of months of comment and appeals. Examples include the transfer of permits related to existing uses of the forest and modification to existing equipment and facilities or other activities which do not impact the forest land. The court ruling and resulting uncertainty guts the Forest Service's ability to carry out their most basic work. I strongly urge you to again provide the local Forest Service the tools and discretion they need to do their jobs, so that ranchers, grazers and people like me can do our jobs.

Attached to this statement is suggested language which can be added to the Appeals Reform Act to clarify that CE's are not subject to notice, comment or appeal provisions. Gunnison Energy urges you to adopt this or similar language to remedy the burdensome delays which are stopping routine work and stopping the delivery of much needed natural gas to the market.

Thank you.